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EARLY BANKERS IN THE GENOESE NOTARIAL RECORDS.

By MARGARET WINSLOW HALL.

THE history of banking from the middle of the thirteenth century is comparatively clear ; but the time and manner of its origins have remained tantalisingly obscure.¹ It is therefore a happy chance which has preserved for us in the Genoese notarial archives a considerable body of evidence on the early development of banking. The documents are contracts of the most varied nature, made by bankers with other business men in Genoa, and buried in the mass of commercial and legal material in the notaries' day-books. They are the oldest known records of banking in the medieval West.²

The banker was originally a money-changer ; the term by which he was designated, *bancherius*, was derived from *banca*, the table at which he did business, and was synonymous with *cambitor*, changer.³ In the oldest of the registers, that kept by John the Scribe from 1155 to 1164, there is no indication that the bankers had set out on the long path which led from their simple money-changing business to the modern banker's complex of financial operations. Their contracts were such as drapers or leather-workers made, simple promises to pay, investments in foreign trade, land transactions, and the like. Another bit of evidence from this period points to the same conclusion. In 1150, the consuls of the commune of Genoa sold the income from the Genoese banks for a period of twenty-nine years to a group of wealthy citizens. This contract referred to the banks as money-changing tables, not as places for the transaction of general financial business.⁴ It seems altogether probable that the

¹ The standard histories of banking are of little use for this period. The few published documents and studies of Italian banking in the thirteenth century, the earliest yet known, have been summarised and discussed by André E. Sayous, "Les Opérations des Banquiers Italiens en Italie et aux Foires de Champagne," in *Revue Historique*, CLXXX, 1932.

² Eight of the registers have been used, containing records from the years between 1155 and 1216. The oldest register, that of John the Scribe, has been published in the sixth volume of the *Monumenta Historiae Patriæ*. The seven unpublished volumes are those known as *Guglielmo Cassinese*, *Diversi Notarii Ignoti*, *Lanfranco I-IV*, and *Pietro Ruffo*. Reference is made to the volume and folio, recto (e.g., *Lanf.* I 76) or verso (e.g., *Lanf.* I 76v).

³ Du Cange, *Glossaria*, under *banca* and *banchus* ; Alessandro Lattes, *Il Diritto Commerciale nella Legislazione Statutaria delle Città Italiane*, Milan, 1883, p. 199 ; Sayous, *op. cit.*, p. 8.

⁴ The consuls ordered that no one should change money (*cambiare*) in the city on tables or banks (*in banchis nec in tabulis*) except under certain conditions. *Liber Iurium*, M.H.P. VII, cols. 144-5.

so-called "bankers" of the mid-twelfth century were nothing more than money-changers.

The development of the money-changer of the early Middle Ages into the modern banker seems to have begun in the last quarter of the twelfth century. There were at this time some twenty "bankers" in Genoa. Although most of them were humble men, dealing in small sums and with persons as obscure as themselves, they were actively at work extending the sphere of their labours beyond the traditional limits. Here, apparently, we have the very origins of the process of consolidation of financial functions by the bankers which, together with the progress in financial technique made by the great merchants, laid the foundations for the spectacular development of banking in the later Middle Ages. An analysis of the transactions of these bankers will give us a fair picture of the process.

A. Exchange.

As we have seen, money-changing, the original occupation of the bankers, seems still to have been their sole normal function in the time of John the Scribe. It is but logical to suppose that it must still have been very important in their business a few decades later. Unfortunately our best sources, the notarial records, fail us here; since the exchange took place on the spot, the transaction gave rise to no written instrument, and disappeared without leaving a trace in the notaries' day-books. We are left to infer the existence of the business from the use of *cambitor*, changer, as synonymous with banker in Genoese sources now and for many years to come, and from the evidence afforded by their credit contracts that the bankers evidently had on hand money of various sorts.

In foreign exchange, the picture is quite different. The technique of exchange had undergone a considerable development in the hands of the great merchants before the bankers entered the field. The "banker," still so close to the petty money-changer, was no pioneer in this sphere of finance. The association of exchange with banking took place by the assimilation of an already existent technique. The Genoese documents afford some evidence that the process of assimilation was already beginning at the turn of the twelfth and thirteenth centuries. Several of the more active bankers made scattered exchanges—to Milan,¹ to the fair of Vercelli,² to Pavia,³ to Marseilles,⁴ to Montpellier.⁵ Of more interest are the exchanges of two of the wealthiest of the Genoese bankers, Bertramis Bertaldus and Manfredus de Serra. We have record of their exchanges only for 1197 and 1198; but the documents are sufficient to show that their operations were steady, considerable in size, and advanced in technique. Both Bertramis and Manfredus were cloth dealers as well as bankers, and acted in close association with an important family of merchants from Asti, engaged in the cloth trade between Genoa and the fairs of Champagne. Accordingly, most of their exchanges were between Genoa and the fairs. Because our evidence comes from a Genoese source,

¹ *Lanf.* I 3v. ² *Div.* 152v, 75v. ³ *Ibid.*, 115v, 116. ⁴ *Lanf.* I 60v. ⁵ *Ibid.*, IV 142v.

we have record chiefly of loans made by Bertaldus and de Serra in Genoa, payable at the fairs¹; but there is evidence that Bertaldus was concerned also in loans made in Champagne, payable in Genoa.² The sums are sometimes considerable.³ Both Bertaldus and de Serra used the most advanced exchange technique of their day, whereby an exchange was completed not by the man who drew the note, but by an agent or associate abroad, thus freeing the exchange from its narrow dependence on the movements of the exchanger himself.⁴

In this group of documents we have proof that at the end of the twelfth century two of the most important Genoese bankers were actively engaged in foreign exchange, and interesting evidence from a very early date in support of Kulischer's well-known theory of the close interdependence of trade and finance in the Middle Ages.⁵ The documents suggest further that bankers may have been led into foreign exchange as much through their incidental commercial interests as through any natural affinity between local money-changing and foreign exchange.

B. *Credit Banking.*

In credit as in foreign exchange, merchants, not bankers, were the pioneers. The question, therefore, is again not of invention, but of the assimilation by the bankers of business instruments and methods developed by others; we must ask only if assimilation had begun at the turn of the twelfth and thirteenth centuries.

In answering this question, it is not necessary to consider the bankers' investments in foreign trade; they seem usually to have invested in the same manner as the ordinary traders, and not in their capacity as bankers. It is possible to set aside also their occasional credit sales as without organic connection with banking. Attention can thus be centred on the

¹ *Div.* 87-105v.

² There is record of his selling to Obertus Novellus his share of a loan made by Novellus in the north. *Div.* 106v. There is record also of the Genoese settlement of a loan made in the north by Wilielmus Scarampus and Bertramis Berardus. A study of the personnel of this transaction makes it seem probable that this Berardus was our Bertaldus. *Div.* 60.

³ Five of the loans made by Bertaldus and an associate total L.246. *Div.* 101-5v. Another credit advanced by them is for L.200 money of Provins. *Div.* 62.

⁴ Bertaldus, acting with Wilielmus Scarampus of Asti, advanced credit to Gilius Anguxola of Piacenza. Anguxola was to pay them L.200 of Provins at the May Fair on the delivery to him or his agent of 85 marks of silver which Bertaldus and Scarampus were shipping north for him. It can be proved that neither of them went to this fair; the northern end of the transaction must have been taken care of by agents or associates. *Div.* 62; and R. L. Reynolds, "Genoese Trade in the Late Twelfth Century," in *Journal of Economic and Business History*, III, 1931, p. 378, n.1. De Serra, with this same Scarampus, acted as Genoese agent of Gandulfus de Ralvengo in receiving part payment in Genoa of a loan made by de Ralvengo in the north. *Div.* 104.

⁵ Josef Kulischer, "Warenhändler und Geldausleiher im Mittelalter," in *Zeitschrift für Volkswirtschaft, Sozialpolitik, und Verwaltung*, XVII.

evidence as to whether the Genoese bankers were yet beginning to be regarded as professional money-lenders.

The earliest records, those from 1179 to 1186, contain almost no evidence of money-lending. Only Bernardus Bancherius is found advancing credit in the city at all; and he makes but three loans in the city¹ and one exchange loan.² The records for the next decade show a marked increase in the number of credits advanced by bankers. In the years 1190 and 1191, Rubeus Bancherius and his nephew Bernardus were the most prominent; they appear in the documents, together or separately, in ten credit transactions, most of them of considerable size.³ In 1197 and 1198, Bertramis Bertaldus advanced credit oftener than any other banker. In addition to large credit sales of cloth and to the important exchange-loans already considered, we have record of his advancing, in seven notes, credits totalling L.267 s.10.⁴

The two most important credit bankers in the early years of the thirteenth century, so far as the records show, were Anfussus and Lanfrancus. The documents for 1211 and 1212 contain record of eight credits advanced by Anfussus Bancherius.⁵ Lanfrancus appears thirteen times from June 8 to November 4, 1216, advancing large credits. He had L.163 s.9 due him on August 1, from five notes; in July he advanced credits amounting to L.554 s.18 d.4, in three notes; and at one time in the autumn he had L.372 s.5 outstanding, in four notes.⁶

All this makes it apparent that the assimilation of credit operations by the bankers was certainly beginning. Yet it would be unwise to draw from this material sweeping conclusions as to the importance of credit in the early history of banking. Credit documents are conspicuously lacking in the earliest decade of which we have record, and when they do appear, they are not of general and even importance, but are heavily concentrated upon a few individuals. Sayous seems to have gone too far in assigning to credit banking a place of equal importance with local money-changing as the starting point of early banking.⁷

C. Deposit Banking.

The deposit operations of the Genoese bankers are exceptionally interesting, since here for the first time we see the bankers apparently playing a leading role in the development of business forms. This circumstance makes it necessary to enter into a brief analysis of the form and history of the medieval contract of deposit.

The form of deposit in use in the early Middle Ages was a strong-box

¹ *Lanf.* I 8, 31v, 187. The amounts are L.103 s.7, L.99, and L.28 less s.5.

² *Ibid.*, I 3v.

³ The eight contracts written in Genoese money total L.474 s.17 d.8. The documents for 1190 are in *Lanf.* I 45v-62; those for 1191 in *Cass.* 64v-72.

⁴ *Div.* 42, 43v, 54, 64v, 70v, 92, 95.

⁵ *Pietro Ruffo.* 13v, 14, 17v, 35, 43, 43v, 67v, 75v. He also made important investments in the sea trade.

⁶ *Lanf.* III, 30-68.

⁷ *Op. cit.*, *passim*, esp. p. 2.

sort of contract obliging the custodian to return the identical objects intrusted to his care.¹ But as the rapid expansion of commerce in the twelfth century multiplied the opportunities for profitable investment, the depositor became increasingly desirous of making his funds not only safe but also fruitful, while the custodian became increasingly reluctant to allow them to remain idle. There consequently appeared a deposit contract essentially similar to that which we use to-day. Our documents contain much evidence of this form of deposit. All contracts calling for payment a week or two after demand, and they are many, are very probably of this sort; for delay would have been unnecessary had the money been stored in some safe place upon the premises. To the same class belong the fairly numerous contracts in which the depositor was given or promised something more than his capital; the holder could not have afforded to pay this had he kept the money in a strong-box.

The amount of recompense to be given the depositor for the use of his funds could be reckoned in either of two ways. In the simplest and probably the oldest, the banker was to invest the funds separately and pay the depositor part of the profits on his deposit. In this form, the deposit merges with the commercial *accommodatio*; in both contracts, a man with capital advanced funds to a man actively engaged in business, stipulating that he receive in return a share of the profits. The terminology of the notaries reflects the close relationship between the two forms; *accommodatio*, a rather general term which was at this time gaining a specialised meaning as a particular type of business association, was used also as a synonym for *depositum*. One example of the use of this contract may be cited. In 1186, Rubeus Bancherius acknowledged that he had L.7 belonging to Andreas, a servant of one of the members of the great Fieschi family. He promised to pay the capital fifteen days after demand; and, he said, "if God should give any profit on those pounds, I will give you as much of it as seems best to me."²

The second form of contract was more clearly a deposit; it is, indeed, essentially similar to the modern deposit contract. The banker invested

¹ This contract was known to the Roman law as the *depositum regulare*. The Genoese documents do not use this term, nor do they stipulate that funds shall be kept in this manner. On the contrary, as will shortly appear, there are many instances of contracts in which the custodian was clearly expected to make use of the deposit while it was left with him, in the manner of the *depositum irregulare* of Roman law. On the contract of deposit, see A. Pertile, *Storia del Diritto Italiano*, Turin, 1891-1903, IV, pp. 611-14; Lattes, *op. cit.*, p. 239; and especially Sayous, *op. cit.*, pp. 10-11.

² *Lanf.* I 118. Other examples are *Div.* 168v, in which the proportions in which the profit is to be divided are left indefinite; *Cass.* 322v, in which the depositor is to receive two-thirds of the profit; and *Lanf.* IV 143, in which the depositor is to receive half the profit. We have record also of three contracts which seem to indicate that some such agreement had been entered into previously; Genoese bankers invest in two cases in the sea trade, once in an exchange loan to the fair of Vercelli, money belonging to a third party who does not seem to be a relative, and may quite probably be a depositor. *Lanf.* I 41v, *Cass.* 306, *Div.* 132v.

deposits together and with his own capital, agreeing to pay a definite rate of interest for their use. The safety of the deposit was thus dependent not on the fate of any particular venture but on the general solvency of the holder. The use of this form of contract indicates a high level of development, for it would not be used until the depositor's confidence in the banker was well established; the banker, for his part, could not afford to promise in advance to pay a fixed rate of interest until his business was fairly well stabilised. It also bespeaks a considerable use of the contract of deposit, for development in business forms takes place in response to demand. As an example of the use of this form, a contract of the year 1186 may be cited. Bernardus Bancherius acknowledged that he had received from one Maria Sarda L.11, which he was holding in his bank. He promised to return the L.11 eight days after demand, and to pay her in addition 10 per cent. a year on her capital as long as he held it.¹

It seems altogether probable that the great technical progress which led to the use of this contract was in large part the work of bankers. The registers, it is true, contain evidence of deposits made with non-bankers almost equal in number to those made with bankers; but the difference in character of the two groups is striking. Among the non-bankers, no single name appears more than once; among the bankers, Bernardus is known to have received eight deposits, Obertus six, and Rubeus, Raimundus, and Alcherius two each. Among the non-bankers, many of the deposits were taken by relatives or friends, evidently as personal favours; the bankers' transactions are almost without exception businesslike. Furthermore, there is evident in the bankers' contracts a slightly greater tendency toward regularity of form; and the highest form of deposit contract is found three times with bankers, only once with a non-banker. It seems safe to conclude that here for the first time we find bankers making a contribution to the development of business technique, and that even at this early date the bankers did a really important part of the deposit business of the community. All this casts serious doubt on Sayous' theory that deposit banking developed last of the three fundamental branches of banking, being preceded by and in large part dependent upon the development of credit banking.² It is evidently only chance in the preservation and publication of documents which determined that the first considerable evidence of deposit banking known to Sayous is of the second half of the thirteenth century.

How delicate a matter it is to generalise as to the order of precedence of the various branches in the development of banking will be shown by a brief survey of the activities of half a dozen of the best-known bankers. Bernardus seems to have specialised in deposit banking, but he also advanced credit to some extent, made one foreign exchange, and invested twice in the sea trade. Alcherius was interested chiefly in the sea trade, but appears once or twice in every form of banking operation. Bertramis

¹ *Lanf.* I 121. In the same month, this same Bernardus promised to pay a client L.2, interest on L.20 which he was to hold for a year. *Lanf.* I 122v. Other examples of the use of this form of contract are *Lanf.* I 222v and *Cass.* 43v.

² *Op. cit.*, pp. 2, 6, and 21.

Bertaldus, who was a cloth merchant as well as a banker, is not known to have received any deposits, but he outstripped most of the other bankers in the advancing of credit, all of them in making foreign exchanges. Lanfrancus appears almost exclusively as a money-lender. Wilielmus Ferrarius did deposit banking, advanced credit, and invested in the sea trade, but he is not known to have made foreign exchanges. Symon and Rubeus appear in all forms of transactions, but in none of them very frequently. One is tempted to conclude that money-changing was still generally the most important branch of the banking business, and that from this there was no one normal course of development. In each case, the circumstances and aptitudes of the individual banker seem to have determined which of the various functions he should emphasise.

Our bankers occupied no exalted place in the business world of their day. Their money-changing was necessary to the community, but not spectacular. The deposit business, in which they were apparently coming to be recognised as specialists, was a modest one. They played only a very minor role in the financing of commerce and industry and in foreign exchanging. Except in the deposit contract, they do not seem yet to have made any advances in business technique. Compared to the great merchants of their day, they were small business men indeed. But when they are seen in the light of the following centuries, these men become important. Their money-changing was serving as a nucleus around which they were gathering various other financial functions, and already they were performing, in however small a way, the three basic operations of modern banking. The Genoese notarial records disclose to us a very early stage in the process of assimilation and integration whereby the money-changer attracted to himself the various financial functions of the community and eventually welded them into banking in the modern sense.

ADAM SMITH AT DOWNING STREET, 1766-7.

By W. R. SCOTT.

THERE seems a strange discrepancy in Adam Smith's attitude to a return to Scotland as expressed to David Hume in 1765, and his lingering in London for about six months, from November 1766 to May 1767. In 1765 Hume had an idea of making his home in France and wished to have Adam Smith's opinion. The latter did not reply direct but sent a message in a letter written from Paris to Andrew Millar, in which he said "Though I am very happy here, I long passionately to rejoin my old friends, and if I had once got fairly to your side of the water, I think I should never cross it again. Recommend the same sober way of thinking to Hume. He is light-headed, tell him, when he talks of coming

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